



Department of Justice

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**JUSTICE DEPARTMENT ADVISES FCC OF CONCERNS ABOUT SBC'S
APPLICATION TO PROVIDE LONG DISTANCE SERVICES IN MICHIGAN**

***Department Raises Questions about Change Management,
Line Loss Notification, Billing Errors, and Reliability of Reported Performance Data***

WASHINGTON, D.C.-- The Department of Justice today advised the Federal Communications Commission (FCC) that the Department is unable to support SBC's application to provide long distance services in Michigan based on the current record. The Department found that serious questions remain regarding SBC's change management practices, line loss notification procedures, billing errors, and the reliability of its reported performance data. The Department noted, however, that it did not foreclose the possibility that the FCC could satisfy itself that these concerns have been adequately addressed prior to the conclusion of the FCC's review of the application.

"SBC has made significant strides in opening its Michigan markets, as demonstrated by the levels of entry achieved to date," said R. Hewitt Pate, Acting Assistant Attorney General in charge of the Department's Antitrust Division. "Serious concerns remain in several areas that may affect whether the current state of competition is irreversible, however, and these concerns merit the FCC's careful attention."

The most important concerns occur in the areas of change management practices, line loss notification, billing errors and the reliability of SBC's reported performance data. "Change management practices" refers to the process SBC uses to tell competing carriers about changes

to its operations support systems. "Line loss notification" refers to the notice SBC sends to a competing carrier that a customer has selected a new carrier, different from the one to which the notice is being sent.

The Department also urged the FCC to review additional issues in the areas of working service conflict notifications and provision of line splitting services.

At the time the Michigan Public Service Commission approved SBC's application to provide long distance service in Michigan, it simultaneously adopted an order requiring SBC to develop supplemental compliance and improvement plans as to certain issues. SBC has submitted its proposed plans, and the Michigan PSC further required SBC to participate in collaborative discussions with the CLECs (Competitive Local Exchange Carriers) under the Michigan PSC's sponsorship on March 4, 2003. SBC must then submit modified compliance and improvement plans on March 13, 2003.

The Department recognizes that the FCC may receive additional information during its consideration of SBC's application, including SBC's final compliance and improvement plans. Thus, while the Department is unable at this point to gauge the effectiveness of SBC's plans, it recognizes that the FCC may want to examine the improvements that SBC implements.

The Department provided its competitive analysis in an evaluation of SBC's application to provide long distance services in Michigan under Section 271 of the Telecommunications Act of 1996. Since the break-up of the integrated Bell system as part of the AT&T divestiture, the independent Bell Operating Companies, or BOCs, have been barred from providing long distance services in their respective regions, first as part of the divestiture decree, and now under the

terms of the Telecommunications Act. Under Section 271 of the Act, a BOC, such as SBC, may not provide in-region long distance services until it demonstrates to the FCC that it has met a variety of legal requirements designed to open the local telecommunications markets in a particular state to competition.

In considering whether to approve a BOC's application for long distance authority in a particular state, the FCC must consult with the Department of Justice and give "substantial weight" to its assessment of competitive conditions and whether the BOC should be allowed to provide in-region long distance services.

SBC filed its application with the FCC on January 13, 2003. Under the terms of the Act, the FCC must approve or deny the application within 90 days. A copy of the Department's evaluation will be available at: <http://www.usdoj.gov/atr/public/comments/sec271/sec271.htm>.

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